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GENERAL

1. Possibility of Arab-Jewish negotiations--The Arab military governor in Jerusalem has informed US Vice Consul Burdette that no military accord exists between Arab and Jewish forces, although the governor considers it possible that informal political talks may be taking place between Israel and Egypt or Transjordan. The military governor believes that all the Arab rulers are reluctant to seek negotiations openly for fear of being branded traitors but would welcome peace talks through the UN.

2. Possible Soviet tactical shift foreseen--US Ambassador Smith in Moscow reports that following the US elections Soviet propaganda has shown a shift of emphasis designed to give the impression that the Kremlin "can do business with Truman." Smith believes that the Kremlin's faith in its present tactics has probably been weakened by the unity and determination of the western powers, by the weak showing of presidential candidate Wallace, and by the demonstrated solidarity of the US bi-partisan foreign policy. Smith considers, however, that any "conciliatory" moves made by the USSR will be purely tactical and believes that recent propaganda may be a prelude to "peace" moves calculated to foster western disunity.

(CIA Comment: CIA generally agrees with Ambassador Smith's estimate but believes that at present it is too early to say whether the Kremlin has actually decided upon a tactical shift. Soviet leaders may be merely seeking to ease existing tension temporarily, thus gaining time for a major review of Soviet-US relations in the light of the outcome of the recent elections.)

EUROPE

3. FRANCE: Prospective changes in Cabinet--US Embassy Paris expects that the recent Gaullist success in the elections to the Council of the Republic will be reflected in both the composition

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and program of the Queuille Government. The Embassy is presently inclined to believe that there will be a minimum of changes in the Queuille Cabinet but that any new members will probably be drawn from the political Right Center, despite the strong electoral showing of the Socialists.

NEAR EAST-AFRICA

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4. **IRAN:** [redacted] fears "serious trouble" from USSR-- [redacted] transmits the opinion of [redacted] that the return to Tehran of Soviet Ambassador Sadchikov presages "serious trouble" from the USSR. According to [redacted] declared that he has "definite information" concerning Soviet intentions to direct an intensive campaign against the US military missions and the US arms credit program.

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FAR EAST

5. **CHINA:** Reported Communist peace terms-- [redacted] has learned from a "usually reliable" source that an envoy of Communist leader Mao Tse-tung has presented to an undesignated high Kuomintang general the following stipulations concerning peace terms: (a) Chiang Kai-shek must depart; (b) the Kungs, Soongs, and Chen brothers (prominent capitalist families in Nationalist China) must be handed over to the Communists; (c) the Kuomintang may remain as a major party in the government; and (d) the Chinese Army is to be placed under the Communists.

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(CIA Comment: CIA considers this a plausible report and believes that peace feelers are being made at this time. In any negotiated settlement, the Communists would insist upon:

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(a) the removal of Chiang Kai-shek; and (b) Communist control of key ministries such as National Defense. If such demands were complied with promptly, the Communists would probably permit a large proportion of the Kuomintang to enter a Communist-dominated "coalition" government.)

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